



**Financial Management Systems Improvement Council**  
**Meeting Notes**  
**Directors Row H**  
**Adams Mark Hotel**  
**Denver, CO**  
**September 3, 1998**

Attendees: Tom Baranouskas-PNNL, Ralph Bonner-SNL, Doug Buck-SNL, Bruce Chrisman-Fermi Lab, Roger Corless-FDH, Gregg Crockett-K-H, Bill Goodwin-LMITCO, Paul Grefenstette-WSRS, Allan Johnston-LANL, Paul Keele-DOE-ID, Jim Lopez-LLNL, Jim Martin-DOE-OR, Brian Morishita-LMITCO, Ron Ragland-LMES, Jim Reid-DOE-HQ, Phil Schultz-LLNL, Betty Smedley-DOE-HQ  
Guest Contractor: Kathy Fenton-Beach-West Valley Nuclear Services  
Other Guests: Dennis Betcher-Kaiser-Hill, Jim Edward-LMES, Dennis Pulsipher, LMITCO

Ragland:

- Introduced Kathy Fenton-Beach, West Valley, as the guest contractor.

Reid:

- Announced that Paul Keele would be the next field office member on the Council.
- General purpose capital equipment indirect funded. A pilot study involving 3 DP labs utilizing this concept has been underway for 9 months. The pilot will continue into FY-1999 and no new labs will be added to the pilot. Concerns with this include increasing the overhead rates and inconsistency among the labs in their accounting practices. Current guidelines under consideration are that the GPCE pool for each site is limited to 1½% of their total costs and adoption of this practice will be at the discretion of each lab manager. Exception to the 1½% ceiling would require notification of the DOE-HQ CFO.
- Proposed Dimenici legislation. Includes (1) trying to increase work going to all DOE facilities. (2) Put cap on added factor at 3% of cost incurred. (3) Eliminate waiver to bring revenue neutrality in the admin area. (4) Create a pilot program to look at



contractor overheads to see how these charges are hitting WFO

customers. Moratorium recently issued on all existing waivers and new waivers as well. Waivers will apply only to nonprofit (such as EPA and NIH) and previously issued

blanket waivers.

- New SIMS process being looked at by HQ will require the development of business cases to support the development or acquisition of new software systems. Need to review SIMS requirements.
- Ike Smith DOE-HQ, will present an update on SIMS at the next FMSIC meeting. Also the Council will find out what assistance FMSIC could provide to this effort. Jim or Betty will ask Ike to present. This should also be an ACM agenda item.

Smedley:

- An Omnibus Bill is under consideration that would wrap all 13 appropriations into 1 bill. Not sure of its impact.
- Financial performance measures. A subcommittee to the Budget Results Council met in Las Vegas to discuss budget validation. The result was a proposal for a budget validation process that will be presented to the BRC during their next meeting in Washington, D.C., 09/16/98.

Functional Cost – Pulsipher and Betcher

- The Functional Cost Steering Group will be meeting next week to consider FMSIC's recommendation regarding changes to functional cost.
- Numerous small changes were made to the definitions providing greater clarity. (See definitions.)
- FTE reporting is not required for functional cost reporting. FTE reporting will be satisfied by the FT reporting currently being conducted.
- Format 2 was adopted on which FTEs were not reported and the Site Specific category was created. (See format)
- Peer reviews will be done on a biennial basis. The review will examine process integrity and not data integrity. Conduct next review in FY-2000 and look at FY-1999 data. Dennis Pulsipher will (1) incorporate the adopted changes into a final recommendation and (2) develop a peer review schedule. He will submit both of these to the Council.
- Discussed payment of materials and services that are paid for by the feds. Jim will bring this up at the next Steering Group meeting that will also address the reporting of site versus contractor functional costs.

Year 2000 Computer Problem-Edwards

- Jim Edwards made a presentation on the Y2K problem and provided handouts.

Next FMSIC Meeting-Ragland:

- 12/09/98, Rockville, MD



Next ACM-Ragland:

- Locations under consideration are Phoenix, San Diego, Chicago, Las Vegas scheduled for early May, 1999. Brian will conduct a travel cost analysis of these sites and report back to the Council.

Travel Voucher Audits – Bonner:

- Discussed the cost of compliance versus the cost savings; i.e., is the cost of a 100% audit justified by the cost savings of conducting it? Need to gather data from all contractor members, develop a proposal and go forward with the proposal to DOE. Members were asked to provide the following to Ralph Bonner: (1) What is the cost of auditing? (2) How much are the savings? (3) Basis for computing the data. Data is due to Ralph by the end of October.

Pricing of Products-Keele:

Preliminary work already completed a team of Roger Corless, Allan Johnston, and Paul Keele/team lead. ***This team will develop a proposal relating to the Dominici legislation. This legislation calls for a pilot excluding certain cost elements from the base against which the 3% is applied. The team includes representatives from SNL, LLNL, LANL, INEEL, Oak Ridge.*** This team will develop a proposal to be completed by March 1999.

DOE Software Requirements-Ragland:

- Reviewed the various requirements. No follow-up action taken.

System Improvements/Implementation:

- LMES is scheduled for implementation of their four SAP modules on 10/01/98. Implementation costs will total \$30.5M that includes software acquisition, consultants, core team and hardware acquisition.
- Sandia will go live with six of their Oracle manufacturing modules. G/L and procurement is scheduled for rollout next March. The rest of the financials will go into production on 10/01/99.

Federal Accounting Standards:

- Paul Grefenstette will present a summary of the proposed changes to the Federal Accounting Standards at the next FMSIC meeting.